

# MBA626/MIB526: International Finance

Canisius College  
Spring 2010

W 6-8:45pm  
OM 403

Instructor: Scott Hegerty  
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Office Hours: MF 2pm-3pm, W 2-4pm and by appointment  
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In an increasingly globalized world, it is imperative that managers understand how the international economy works. International Finance (also known as “Open-Economy Macroeconomics”) is the study of the monetary and economic linkages among countries. The main goal of this course is to equip students with an understanding of the global macroeconomic environment and important issues that managers must be aware of.

The main topics covered in this class involve exchange rates, international flows of capital, and economic policy, as well as the role of business in this environment. This course aims to introduce students to these topics in the context of recent developments around the world. By the end of this course, students will better understand these core concepts, be able to apply them to specific country and business experiences, and locate and analyze relevant sources of information.

Prerequisites: MBA508 or MBA841 (Minimum grade of C):

Texts: Miller and VanHoose, *Macroeconomics: Theories, Policies, and International Applications*, 2003, Thompson/Southwestern  
Husted and Melvin, *International Finance*—a selection of chapters from their “International Economics” text—available at the Canisius Bookstore.

*Additional readings will be put on Angel. These include, but are not limited to:*

C.F. Bergsten, “The Dollar and the Deficits” (2009), *Foreign Affairs* 88(6), 20-38, November/December.

B. Bernanke, “Monetary Policy in a World of Mobile Capital,” (2005) *Cato Journal* 25(1), Winter.

M. Campanella, “Is the Euro Ready to Play a Global Currency Role?,” (2009), in *The Euro and the Dollar in a Globalized Economy*, J. Roy and P. Gomis-Porqueras eds., Blackwell Publishing, 83-102.

## Grading:

Your grade will be assigned based on the following formula:

Homework and Problem Sets	20%
Midterm Exam	25%
Final Exam	30%
Term Paper	25%

Homework will consist of problem sets or short assignments. They will be handed out whenever they are deemed to be appropriate; there is no set number and the dates are flexible. Students are responsible for these assignments, even if they are not in class when they are handed out or due.

Exams will assess students’ mastery of the material, as well as analytical thinking and communication skills. The Midterm will cover all material up to the date of the test, while the Final will mostly cover material afterward. They will include short written answers, mathematical and graphical analysis, and/or longer essays.

Students will also be expected to complete a Paper of approximately 5-7 pages. This will involve an analysis of the financial situation and a major issue in a country of the student’s choice. Reports will apply the concepts learned in class, use appropriate information sources, and be professionally written.

Main Topics: The following constitute the main lecture themes and the corresponding chapters from the texts: (note: "MVH" = Miller/VanHoose and "HM"=Husted/Melvin)

Week 1: 1/20 Macroeconomic Issues and Measurements (MVH Chapters 1-2)  
Week 2: 1/27 Classical and Keynesian Economics and the 2008 Financial Crisis (MVH 3,4,6)  
Week 3: 2/3 Models: Production and Labor/Capital (MVH Ch. 3); Developed Economies and LDCs  
Week 4: 2/10 Models: Money, Interest-Rate and AS-AD (MVH 3,4, 8); Transition Economies  
Week 5: 2/17 Fiscal and Monetary Policy (MVH 7 and 8)  
Week 6: 2/24 Introduction to the IS-LM model (MVH 8)  
Week 7: 3/3 MIDTERM EXAM

Week 8: 3/10 Balance of Payments and Capital Flows (HM 11,12)  
Week 9: 3/17 Exchange-Rate Determination (HM 13)  
Week 10: 3/24 Parity Conditions (HM 14, 15)  
Week 11: 3/31 Volatility and Risk (HM 16)  
Week 12: 4/14 Exchange-Rate Regimes (articles)  
Week 13, 4/21 International Macroeconomic Policy and the IS-LM-BP model (HM 9, MVH 14)  
Week 14, 4/28 Policy, continued (articles)  
Week 15, 5/5 Special Topics (articles)

Attendance is strongly recommended. While you will not be penalized for missing class, you will still be responsible for the material you missed. Please let the instructor know if you will be absent.

The Office of Disability Support Services serves as the college's advocate for students with disabilities and it responsible for arranging necessary support. Any student who needs academic accommodations should contact the office at (716) 888-3748. If you have a disability for which accommodations are necessary, please also inform the instructor. For more information about the DSS Office or academic accommodations, please visit [www.canisius.edu/dss](http://www.canisius.edu/dss) or call 888-3748.

Academic Honesty will be *strictly* enforced. Expectations will be explained in class, and are available at [www.canisius.edu/integrity/](http://www.canisius.edu/integrity/).